



SF 2093 – School Supplemental State Aid FY 2018 (LSB5962SV)
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Fiscal Note Version – New

Description

Senate File 2093 requires a 4.0% State percent of growth rate to be applied to each of the regular school aid State cost per pupil amounts for FY 2018.

Background

The State cost per pupil amounts in FY 2018 will depend on the growth rate established for FY 2017. The table below assumes a 4.0% growth rate for FY 2017 that is included in **SF 174** (School Supplemental State Aid FY 2017). The school aid formula provides funding through a mix of State aid and property tax to school districts and Area Education Agencies (AEAs). In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation. There are five FY 2018 State cost per pupil funding levels that will be increased by a 4.0% State percent of growth for FY 2018. The following table provides the supplemental State aid amounts (also referred to as per pupil growth amounts), and State cost per pupil amounts for FY 2018 based on a 4.0% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Regular School Aid Per Pupil Components	FY 2016 State Cost Per Pupil	FY 2017 State Percent of Growth	Supplemental State Aid	FY 2017 State Cost Per Pupil	FY 2018 State Percent of Growth	Supplemental State Aid	FY 2018 State Cost Per Pupil
Regular Program	\$ 6,446.00	4.00%	\$ 258.00	\$ 6,704.00	4.00%	\$ 268.00	\$ 6,972.00
Special Education Program	6,446.00	4.00%	258.00	6,704.00	4.00%	268.00	6,972.00
AEA Special Education Support	283.02	4.00%	11.32	294.34	4.00%	11.77	306.11
AEA Media Services	52.76	4.00%	2.11	54.87	4.00%	2.19	57.06
AEA Educational Services	58.23	4.00%	2.33	60.56	4.00%	2.42	62.98

In addition to the State percent of growth and supplemental State aid for FY 2018, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

Assumptions

Assumptions include:

- Estimates are based on Department of Education enrollment projections for FY 2018 and a 2.0% increase in preschool weightings.
- The FY 2018 supplementary weightings assume a 1.0% increase in special education weightings, a 1.0% increase in at-risk weightings, a 7.0% increase in English as a second language (ESL) weightings, a 10.0% increase for operational sharing weightings, and a 5.0% increase in all other supplementary weightings.
- Statewide taxable valuation growth of 4.54% for FY 2017 and 3.9% for FY 2018. Based on these assumptions, the statewide total for the uniform levy is estimated to account for \$34.5 million of the school foundation property tax change in FY 2018 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated

increase in the uniform levy amount is not impacted by the establishment of the State percent of growth rate.

- Teacher Leadership Supplement amounts for FY 2017 and FY 2018 include districts receiving grants in FY 2015 and FY 2016 through the Education Appropriations Subcommittee. In FY 2018, the Teacher Leadership Supplement estimate assumes all remaining districts will receive grants for FY 2017. In FY 2018, all districts will be funded through the School Aid formula.
- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2018 taxable valuation amount.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in the following table includes the provisions in [SF 174](#) (School Supplemental State Aid FY 2017), [SF 175](#) (State Categorical Supplemental State Aid FY 2017), and [SF 2092](#) (State Categorical Supplemental State Aid FY 2018). These provisions are included in the State General Fund appropriation for school aid.
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2018 State percent of growth will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided by the State General Fund and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision. The Legislative Services Agency (LSA) estimate includes a total budget adjustment of \$1.6 million, based on the FY 2018 State percent of growth and budget enrollments.
- In FY 2018, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2016 will be restored.

Fiscal Impact

The following table provides the estimated fiscal impact of [SF 2093](#), and includes the provisions in [SF 174](#), [SF 175](#), and [SF 2092](#):

- A total General Fund expenditure for State school aid in FY 2018 of \$3,369.5 million, an increase of \$188.7 million (5.9%) compared to estimated FY 2017. This includes:
 - Restoration of the \$15.0 million reduction in State aid to the AEAs. Under current law, the reduction will total \$7.5 million (a statutory reduction implemented annually).
 - \$49.4 million in property tax replacement payment (PTRP) funding, an increase of \$0.1 million compared to estimated FY 2016.
 - Based on [SF 2092](#), \$541.0 million for the State categorical supplements, an increase of \$73.0 million (15.6%). This includes \$306.8 million for the teacher salary supplement, \$34.8 million for the professional development supplement, \$35.8 million for the early intervention supplement, and \$163.6 million for the teacher leadership supplement (new school aid funding provision beginning in FY 2016).
 - \$82.3 million for the preschool formula funding, an increase of \$4.7 million compared to estimated FY 2017. The preschool formula funding is included in the State aid amount, but it is not included in the combined district cost total.
 - The combined district cost (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula), is estimated to increase \$249.1 million (5.5%) compared to estimated FY 2017. Any legislative action impacting FY 2017 school aid provisions will have an impact on FY 2018 school aid amounts. Additionally, any variations in the assumptions noted may result in significant changes in the FY 2018 estimates provided in the following table.

Legislative Services Agency: Estimated FY 2017 and FY 2018 School Aid Estimates (Statewide Totals in Millions)							
		4.00% SCPP: \$ 6,704 \$258 Increase			4.0% SCPP: \$ 6,972 \$268 Increase		
Statewide	FY 2017 Estimates Assumes 4.00% State Percent of Growth				FY 2018 Estimates Assumes 4.0% State Percent of Growth		
Program Funding:	FY 2016	Totals	Est. Change	% Change	Totals	Est. Change	% Change
Regular Program District Cost	\$ 3,110.0	\$ 3,252.1	\$ 142.0	4.6%	\$ 3,382.9	\$ 130.8	4.0%
Regular Program Budget Adjustment	16.3	3.2	-13.1	-80.1%	1.6	-1.7	-50.9%
Supplementary Weighting (District)	81.5	90.3	8.8	10.8%	98.7	8.4	9.3%
Special Education Instruction (District)	398.7	421.7	22.9	5.8%	442.9	21.2	5.0%
Teacher Salary Supplement (District)	267.8	279.3	11.5	4.3%	290.4	11.1	4.0%
Professional Development Supplement (District)	30.3	31.7	1.3	4.3%	32.9	1.3	4.0%
Early Intervention Supplement (District)	33.0	34.4	1.4	4.3%	35.8	1.4	4.0%
Teacher Leadership Supplement (District)	50.2	105.1	55.0	109.6%	163.6	58.5	55.6%
AEA Special Ed Support District Cost	153.7	160.9	7.2	4.7%	167.6	6.7	4.1%
AEA Special Ed Support Adjustment	1.7	0.9	-0.8	-44.3%	0.6	-0.4	-41.8%
AEA Media Services	27.2	28.4	1.2	4.5%	29.5	1.1	4.0%
AEA Ed Services	30.0	31.4	1.4	4.5%	32.6	1.3	4.0%
AEA Sharing	0.1	0.0	-0.0	-48.1%	0.0	0.0	3.9%
AEA Teacher Salary Supplement	15.0	15.7	0.7	4.5%	16.4	0.7	4.3%
AEA Professional Development Supplement	1.8	1.8	0.1	4.7%	1.9	0.1	4.2%
AEA Statewide State Aid Reduction	-22.5	-7.5	15.0	-66.7%	-7.5	0.0	0.0%
Dropout and Dropout Prevention	107.0	107.6	0.6	0.5%	116.3	8.7	8.1%
Combined District Cost	\$ 4,302.0	\$ 4,557.1	\$ 255.0	5.9%	\$ 4,806.1	\$ 249.1	5.5%
State Aid:							
State Aid from General Fund - Itemization							
Regular Program	\$ 1,898.5	\$ 1,987.1	\$ 88.6	4.7%	\$ 2,067.4	\$ 80.2	4.0%
Supplementary Weighting	71.0	78.6	7.7	10.8%	86.0	7.3	9.3%
Special Education Weighting	347.6	367.6	20.1	5.8%	386.2	18.6	5.0%
State Categorical Total	398.1	468.1	69.9	17.6%	541.0	73.0	15.6%
AEA Special Education Support Services and Sharing	121.5	127.3	5.7	4.7%	132.4	5.1	4.0%
AEA Statewide State Aid Reduction	-22.5	-7.5	15.0	-66.7%	-7.5	0.0	0.0%
Other Property Tax Adjustments	1.2	0.0	-1.2	-100.0%	0.0	0.0	
Property Tax Adjustment Aid (1992)	9.1	8.7	-0.4	-4.5%	8.4	-0.3	-3.9%
Property Tax Replacement Payment (PTRP)	31.1	49.2	18.2	58.4%	49.4	0.1	0.3%
Adjusted Additional Property Tax - General Fund	24.0	24.0	0.0	0.0%	24.0	0.0	0.0%
Statewide Voluntary Preschool Program	73.3	77.6	4.3	5.8%	82.3	4.7	6.1%
State Aid from General Fund	\$ 2,952.9	\$ 3,180.8	\$ 227.9	7.7%	\$ 3,369.5	\$ 188.7	5.9%
Excess from SAVE Fund	6.3	9.5	3.2	50.7%	9.5	0.0	0.2%
Total State Aid (Includes Non-General Fund)	\$ 2,959.2	\$ 3,190.3	\$ 231.1	7.8%	\$ 3,379.0	\$ 188.7	5.9%
Local Property Tax:							
Uniform Levy Amount	\$ 813.0	\$ 848.8	\$ 35.8	4.4%	\$ 883.3	\$ 34.5	4.1%
Additional Levy Total	604.2	595.6	-8.6	-1.4%	624.2	28.6	4.8%
Comm/Ind - Uniform Levy Replacement	20.6	19.9	-0.7	-3.3%	20.7	0.8	4.1%
Comm/Ind - Additional Levy Replacement	16.3	15.0	-1.3	-8.2%	15.8	0.8	5.0%
Total Levy to Fund Combined District Cost	\$ 1,380.3	\$ 1,409.4	\$ 29.1	2.1%	\$ 1,470.9	\$ 61.5	4.4%
Miscellaneous Information:							
Budget Enrollment	480,771.9	483,450.9	2,679.0	0.6%	483,629.3	178.4	0.0%
Number of Districts with Budget Adjustment	162	57	-105	-64.8%	35	-22	-38.6%
Percent of Districts with Budget Adjustment	48%	17%			10%		
AEA Funding	\$ 207.0	\$ 231.8	\$ 24.8	12.0%	\$ 241.2	\$ 9.4	4.1%

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections file
Iowa Department of Management, School Aid file
Iowa Department of Revenue
LSA analysis and calculations

/s/ Holly M. Lyons

February 9, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.